

~~SECRET~~*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Comptroller

DATE: 7 September 1951

FROM : Deputy Comptroller

SUBJECT: Proposed Policy Statement in Bonus and Gratuity Payments

1. CIA has issued no formal policy with regard to bonus and gratuity payments. Instances where such payments are necessary arise infrequently but, upon such occasions, are particularly perplexing. For this reason, this paper attempts to establish and clarify a policy showing to whom, when and under what authority such payments can be made.

2. There is a marked distinction between bonus payments and gratuity payments, and, for this reason, each of these categories is discussed separately in subsequent paragraphs.

a. Bonus Payments - Bonus payments are made for services rendered above and beyond the maximum contemplated in the basic contract or understanding between the parties involved. Services warranting a bonus may be more extensive in quantity or quality than those originally contemplated or might be performed under conditions of hazard or hardship beyond those originally anticipated. The basic requirement establishing the fact as to whether or not the payment of a bonus is warranted is that the services rendered were in behalf of CIA, and that actual benefits accrued to CIA as a result thereof.

The alternative to bonus payments for extraordinary services rendered is to reward the individual by increasing the future compensation or other benefits accruing to the individual. This is the normal solution where the increased value of the services rendered or the unanticipated difficulty in circumstances under which the services are rendered are expected to continue for a protracted period. If such is not the case, promotion or increased contractual benefits should not be effected since the additional emolument is thereby perpetuated indefinitely and, accordingly, may vastly exceed in accumulative total the amount desired to be paid. Instead, an appropriate bonus is the proper method of effecting payment to the individual for the extraordinary services rendered.

The relationships between individuals and CIA is established by existent contractual policies and procedures which normally provide compensation and other benefits at predetermined rates or amounts. Infrequently, some contracts specifically contemplate the payment of bonuses upon some measurable basis. However, bonus payments are normally over and above

~~SECRET~~

any contractual right of the individual. Nevertheless, bonus payments are irrevocably related to contractual terms under which the individual has rendered services and therefore they must be recommended and approved by the Operating Office and must be authorized by the Contracting Officer concerned.

Since the chiefs of field installations have been designated as limited contracting officers and have authority to effect, amend and terminate contracts with "Field Agents", field contracting officers have the authority to authorize bonus payments subject to such limitations as the Assistant Director concerned wishes to stipulate. In every instance of a bonus payment to a field agent, the voucher shall adequately describe the payment and shall contain the justification therefor. Bonuses for all other categories of agents may be authorized only by the Special Contracting Officer, CIA, with the personal approval of the Assistant Director concerned.

Under no circumstances are bonuses payable to appointed employees of CIA.

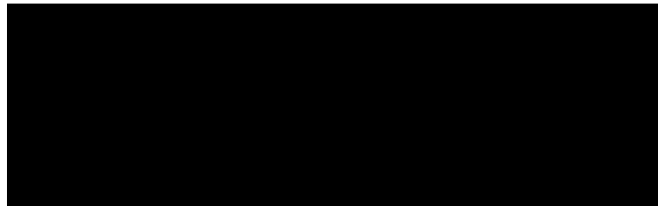
b. Gratuity Payments - A gratuity payment is one made in response to a claim by an individual for payment for services rendered which were neither desired or requested by CIA, or for reimbursement for expenses incurred without authorization or reasonable justification. Gratuity payments, as the words indicate, are strictly gifts. They are made to appease an individual or organization on the sole justification of operational necessity. The purpose of making the payment will normally be to avoid ill will which in turn might jeopardize operational security or might impair our future operational exploitation of an individual or organization. Gratuity payments are basically contrary to law and can only be made by CIA under the broad expenditure powers of its basic legislation applicable to its operational needs and security.

In this connection, attention is called to established Agency procedures for the submission of claims for losses or for reimbursement of expenditures necessarily incurred in the performance of official business, but not normally allowable under Agency regulations. Such claims, if approved, would be paid but would not constitute gratuity payments. However, claims which are not held sufficiently valid upon investigation, and which are not approved as such, might subsequently be approved as gratuity payments if there is sufficient future operational justification.

~~SECRET~~

Sanitized - Approved For Release : CIA-RDP56-00071A000100020033-0

The authority for the payment of any gratuity is vested solely in the DCI subject to any future delegation he may make. Requests for approval for payment of gratuities in every case shall be submitted in writing, shall bear the approval of the Assistant Director concerned, and shall be justified in terms of operational security or operational necessity. As in the case of bonus payments, gratuities will never be payable to appointed employees of the Agency.



25X1A9a

Deputy Comptroller

EDE:mes

cc - General [REDACTED]
Office of the General Counsel
ADDA
Mr. [REDACTED]
Stayback (2)

25X1A9a

25X1A9a

Sanitized - Approved For Release : CIA-RDP56-00071A000100020033-0

~~SECRET~~